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SUBJECT: ARGENTINE PRESIDENT'S LOW-PROFILE PARTICIPATION IN EU - LAC SUMMIT

REF: (A) BUENOS AIRES 642, (B) BUENOS AIRES 660, (C) BUENOS AIRES 496

¶1. (SBU) Summary: President Cristina Fernandez de Kirchner (CFK) met (low) expectations (ref A) at the Summit Meeting of Leaders of the European Union - Latin America and the Caribbean (EU - LAC), holding a number of bilateral meetings but dodging the press. In the Mercosur - EU bilateral, CFK reportedly clashed with Commission head Jose Manuel Durao Barroso over tariff concessions, with CFK reportedly insisting the EU owed Mercosur asymmetric concessions because of the EU's wealth and Barroso calling for a broader view of gains to be made with a Doha agreement. In a short meeting with Chancellor Merkel of Germany, CFK discussed the economic relationship between the EU and Mercosur. President Zapatero of Spain used his time with her to defend Spanish businesses in Argentina, including those with a controlling interest in Aerolineas Airlines (ref B). On a more positive note, a short meeting with Bolivian president Evo Morales produced an announcement from his nation's Minister of Hydrocarbons and Energy that promised a flow of natural gas to Argentina. Also, in the closing session of the summit, CFK and Chilean President Michelle Bachelet together called for an alliance between Latin America and the European Union to jointly confront the global food crisis. Whether clashing or cooperating with counterparts at the summit, the Kirchner delegation shut out the media, offering no press releases, background or on the record briefings. END SUMMARY.

Bilaterals Live Up to Low Expectations

¶2. (SBU) As predicted by post contacts, CFK's bilateral meetings produced little in the way of concrete results (ref A). An eighteen-minute meeting with Chancellor Merkel of Germany prior to the start of the summit consisted of a general conversation about "the economic relationship between both countries, bilateral questions, and the relationship between the European Union and Mercosur." In the wake of a deal to "argentinize" a portion of Spanish company Marsans' stake in Aerolineas Airlines, President Zapatero of Spain commented after his meeting with CFK that "the relationship between the government of Spain with the government of Argentina is an extraordinarily fluid relationship, but announced that his country was "going to defend" its business interests in Argentina.

¶ 13. (SBU) The Mercosur-EU bilateral reportedly produced a clash between the Argentine president and head of the European Commission Jose Manuel Durao Barroso over tariff concessions. He stated that "the countries of Mercosur have much to gain in agriculture, but they are not going to gain this if they do not make concessions in the area of industry and services." Press reports indicate that his meaning between the lines was that any trade accord, including one reached through Doha talks, would require Latin American tariff reductions on industry and services to balance tariff reductions on Mercosur agricultural products. CFK agreed that "if you reduce one side you reduce the other," but apparently firmly opposed balanced concessions, arguing that Latin America's lower level of development and higher poverty levels meant it should shoulder a lesser burden. An EU diplomat in Buenos Aires told us EU staff got the impression that CFK, who showed up without any other Mercosur partners, was "winging it" with her arguments.

¶ 14. (SBU) To address domestic energy concerns, CFK held a private, 15-minute conversation with Bolivian president Evo Morales in which she pledged support for his political reorganization and upcoming referendum on his political mandate. Afterward, Morales expressed to the press his appreciation for his "companera Cristina" and his Minister of Hydrocarbons and Energy Carlos Villegas announced that "we are going to guarantee the production of gas, as we indicated to Argentine authorities." The Buenos Aires Herald characterized Bolivia's assurances regarding winter natural gas supplies to Argentina as "a meaningless pledge," noting that Morales has failed to live up to contractual obligations before.

¶ 15. (U) During the summit discussion on "Poverty, inequality, and social inclusion," CFK and Chilean president Michelle Bachelet jointly called attention to the problem of rising food prices. President Kirchner called for a joint effort between Europe and Latin America to link EU investment and technology with Mercosur energy resources and food production capacity. The two leaders' call was written into the Lima Declaration, which stated that the leaders agreed "immediate measures are needed to assist the most vulnerable countries and populations" and they support "the development of the 'Latin America and the Caribbean without hunger' FAO initiative."

¶ 16. (SBU) CFK did not hold a bilateral meeting with Hugo Chavez. In a brief press interview, the Venezuelan leader explained this was because the summit was not the best place to talk. He went on to state that he and CFK are "strategic allies and close friends," and that the nationalization of Sidor (ref C) had not affected Venezuelan-Argentine relations. In his words, bilateral relations with the GOA "are at their maximum and best level," and he highlighted the upcoming groundbreaking of a regasification plant to provide Argentina with Venezuelan natural gas. Chavez also claimed he had asked CFK to foster his reconciliation with Merkel, whom he had publicly claimed was "to the right of Hitler." By way of apology, Chavez approached Merkel when she was sitting next to CFK and told the two that whenever he misbehaved, CFK slapped him on the wrist. According to "La Nacion," CFK smiled at Chavez's joke, but Merkel did not.

Radio Silence and a Skeleton Crew

¶ 17. (U) The press noted that CFK and her delegation maintained almost complete silence over the course of the summit, not offering a single press conference or press release. By comparison, other leaders, including Bolivia's Morales, Spain's Zapatero, and Germany's Merkel held court more than once with international press.

Argentine pundits are calling this a strategic move to control outcome and message, likely advised by her husband. They gave a similar interpretation to CFK's tendency at the summit to attend meetings alone or accompanied only by Foreign Minister Jorge Taiana or Ambassador to Peru Dario Alessandro. The one quote attributed to CFK, on the run between meetings, was her half-in-jest remark directed at Argentine journalists: "You are going to behave yourselves, aren't you?"

Comment

¶ 18. (SBU) The GOA had been hoping that CFK's participation at the

EU-LAC Summit would advance her goal of reinserting Argentina onto the international stage, or at least give her a break from pressing problems at home. But Argentine press portrayal of CFK's 24 hours in Lima stressed Argentina's lingering estrangement from the Europeans, due to unresolved investment disputes and fallout from Argentina's debt default. It also noted that she was primarily preoccupied with developments at home regarding the GOA's ongoing conflict with the striking agricultural sector.

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